

# Regulatory Task Force for Coastal Clean Energy

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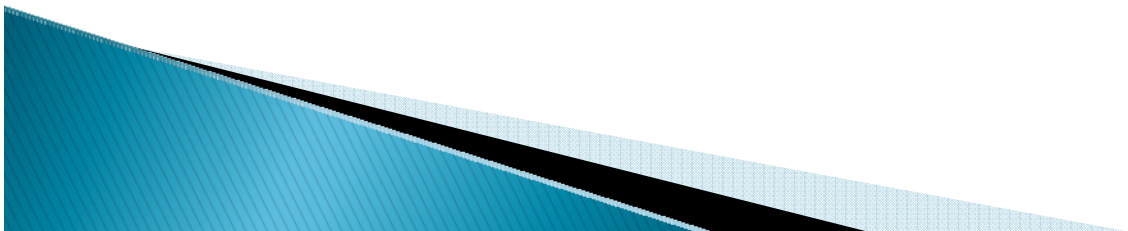
Blair Williams  
Office of Coastal Resource Management, SCDHEC

September 21, 2009

# Regulatory Task Force Overview

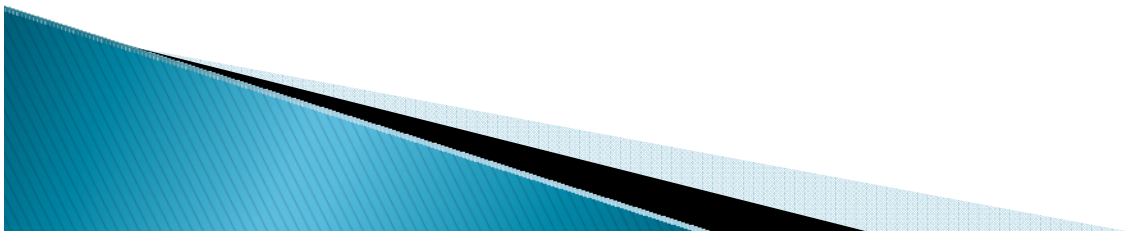
# DOE Wind Grant

- ▶ 2008
- ▶ U.S. Department of Energy
- ▶ South Carolina Roadmap to Gigawatt-Scale Coastal Clean Energy Generation: Transmission, Regulation & Demonstration



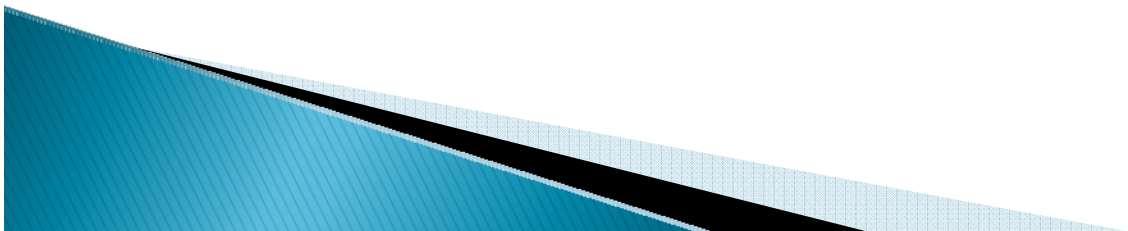
# DOE Wind Grant

- ▶ Goal: to overcome existing barriers for coastal clean energy development for wind, wave and tidal energy projects in South Carolina.



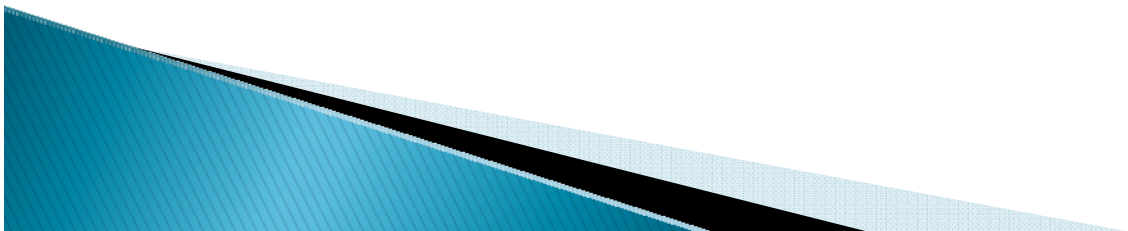
# DOE Wind Grant

- 1: offshore wind transmission study
- 2: wind, wave & current study
- 3: Regulatory Task Force for Coastal Clean Energy



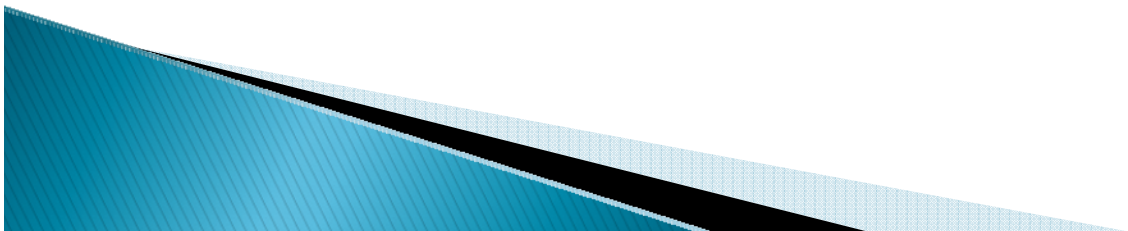
# Regulatory Task Force

- ▶ Mission: to create a regulatory environment conducive to wind, wave and tidal energy development in state waters



# Regulatory Task Force

- ▶ Established in April
- ▶ Regular meetings since May
- ▶ Regulatory Working Group
- ▶ Scientific/Technical Advisory Group



# Regulatory Task Force

- ▶ Federal Aviation Administration
- ▶ U.S. Army Corps of Engineers
- ▶ U.S. Coast Guard
- ▶ U.S. Environmental Protection Agency
- ▶ U.S. Fish & Wildlife Service
- ▶ Minerals Management Service
- ▶ National Marine Fisheries Service, NOAA
- ▶ SCANA
- ▶ S.C. DHEC, Bureau of Water
- ▶ S.C. DHEC, Office of Coastal Resource Management
- ▶ S.C. Department of Archives & History
- ▶ S.C. Department of Natural Resources
- ▶ S.C. Office of Regulatory Staff





# Regulatory Task Force

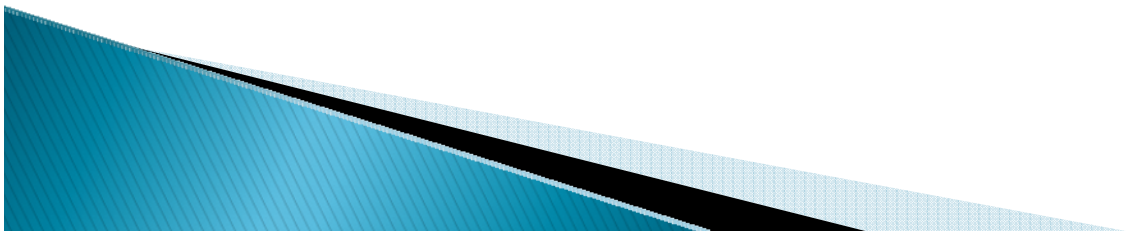
- ▶ Clemson University Restoration Institute
- ▶ Coastal Carolina University
- ▶ EcoEnergy, LLC
- ▶ North Carolina State University
- ▶ Research Planning, Inc.
- ▶ SCANA
- ▶ Santee Cooper
- ▶ Savannah River Ecology Lab
- ▶ Southern Environmental Law Center
- ▶ S.C. Coastal Conservation League
- ▶ S.C. Sea Grant Consortium
- ▶ University of South Carolina, Marine Science Program
- ▶ University of South Carolina, School of the Environment



# Need for Renewable Energy Policy

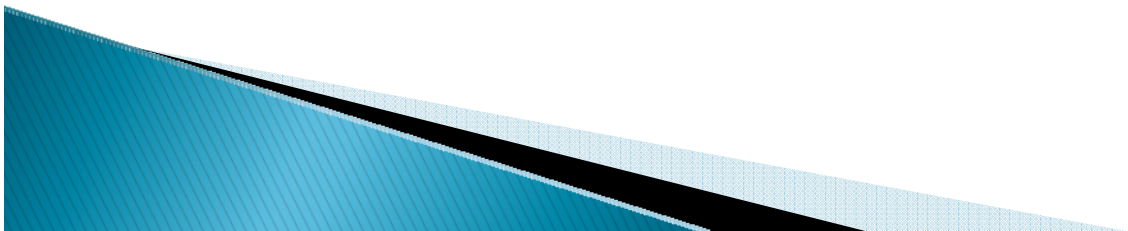
# Recommendation

- ▶ South Carolina needs to establish a policy of support for the renewable energy
- ▶ Various approaches
  - Executive
  - Legislative



# Renewable Energy Policy

- ▶ 8 states have offshore wind initiatives
- ▶ 6 of them are in states with renewable portfolio standards
- ▶ 24 states have a renewable portfolio standard
- ▶ 5 states have nonbinding goals for renewable energy



# Regulatory Roadmap for Offshore Wind Projects

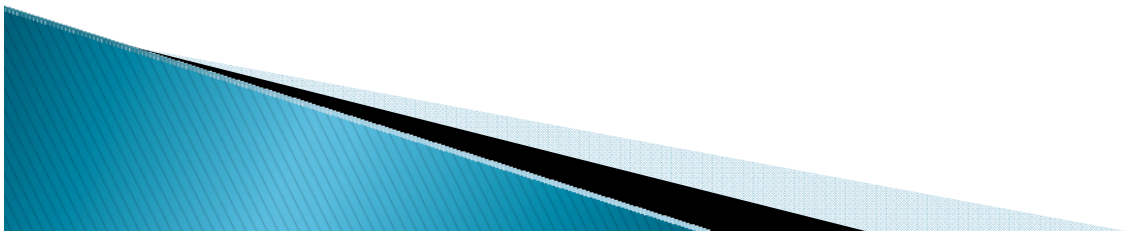
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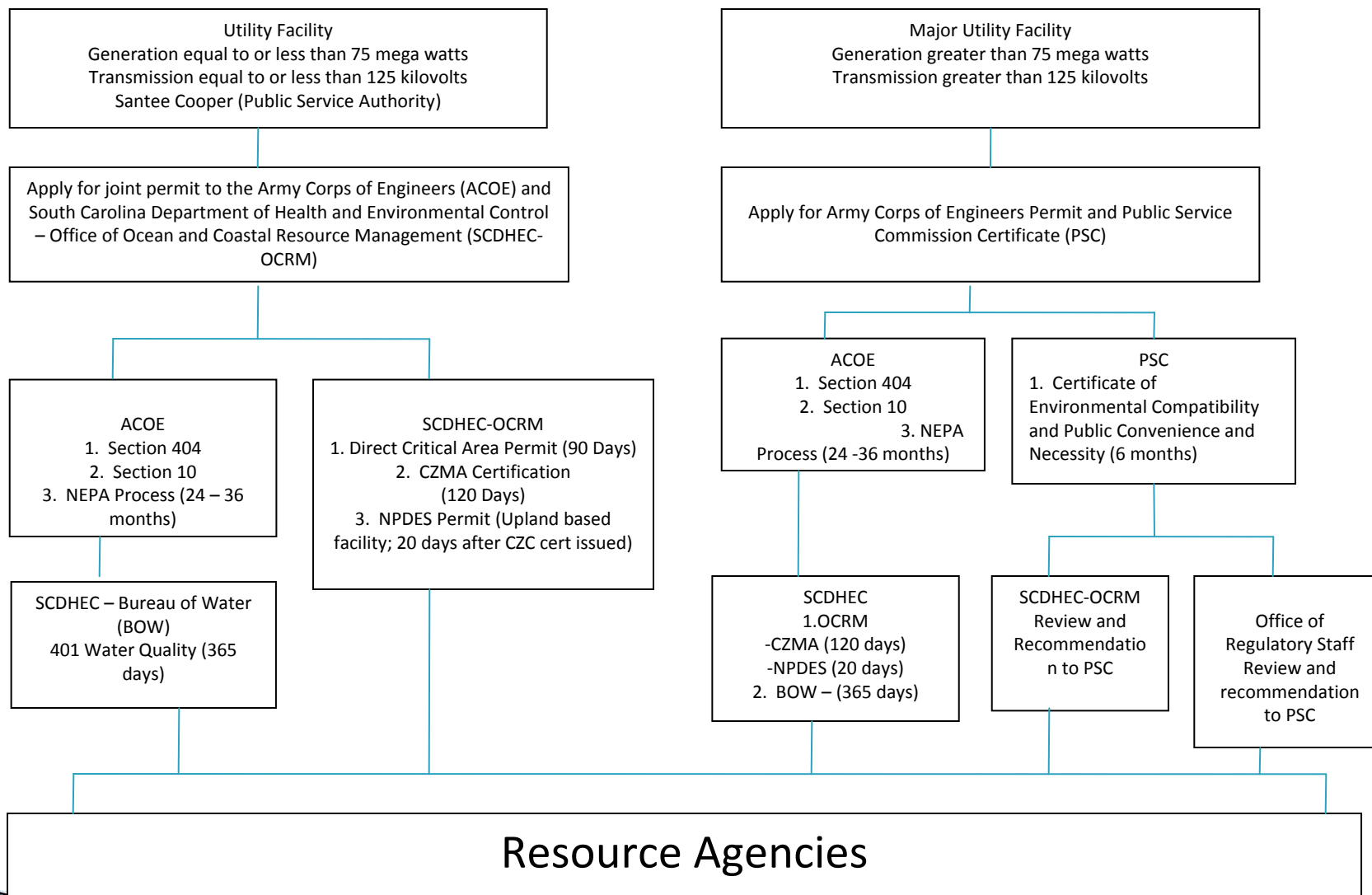
September 21, 2009

# Objectives

- ▶ Review Regulatory Road map for an Offshore Wind Farm in South Carolina (author Jennifer Banks)
- ▶ Identify lead permitting authorities
- ▶ Identify timeframes associated with regulatory permitting
- ▶ Identify regulatory gaps



# Projects in State Waters



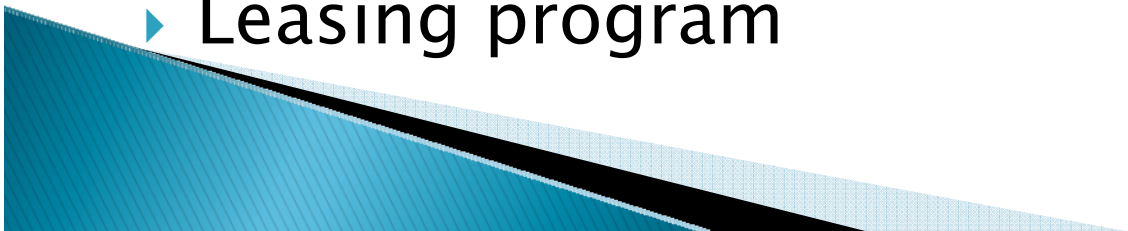
# Resource Agencies

- ▶ Federal Aviation
- ▶ Environmental Protection Agency
- ▶ Advisory Council on Historic Preservation
- ▶ U.S. Department of Defense
- ▶ U.S. Coast Guard
- ▶ U.S. Fish and Wildlife Service
- ▶ Department of Energy
- ▶ Army Corps of Engineers
- ▶ Mineral Management Services
- ▶ National Oceanic and Atmospheric Administration
- ▶ Federal Energy Regulatory Commission
- ▶ South Carolina Department of Health and Environmental Control
  - Environmental Quality Control
  - Office of Ocean and Coastal Resource Management
- ▶ South Carolina Department of Natural Resources
- ▶ South Carolina Public Service Commission
- ▶ Office of Regulatory Staff
- ▶ South Carolina Department of Transportation
- ▶ State Historic Preservation Office
- ▶ South Carolina Institute of Archaeology and Anthropology



# Conclusions and Recommendations

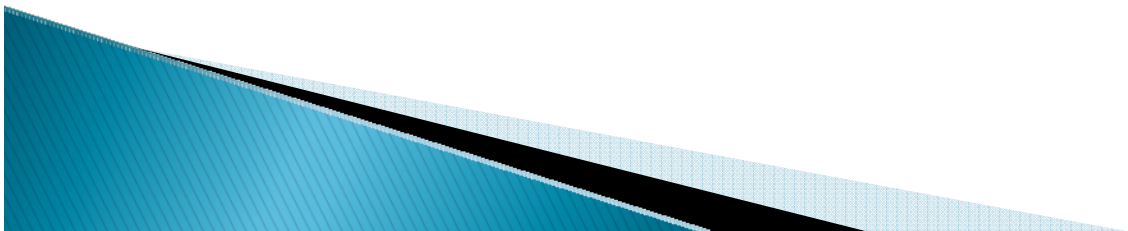
- ▶ Timeframes have been clarified
- ▶ Regulatory Gaps
  - Former Memoranda of Agreement may need to be strengthened and updated (e.g. MOA PSC & SC Coastal Council, 1978).
- ▶ Management/Planning Gaps
  - Marine Spatial Planning (MSP)
    - Geospatial information about ocean resources, uses and conditions for comprehensive planning.
    - SC Ocean Planning Work Group – looking at needs for MSP in SC waters (Other states using MSP: NC, MA, RI, CA)
- ▶ Leasing program



# Need for Leasing Framework

# Regulatory Task Force Findings

- ▶ No regulatory gaps identified
- ▶ However, 2 issues remain:
  - Permitting may not address entirety of issues
  - 
  - Permitting process complicated & cumbersome



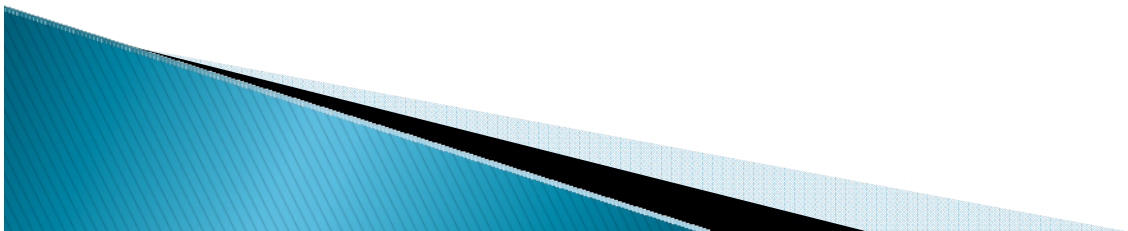
# Regulatory Task Force Findings

## Permits

### Permit attributes

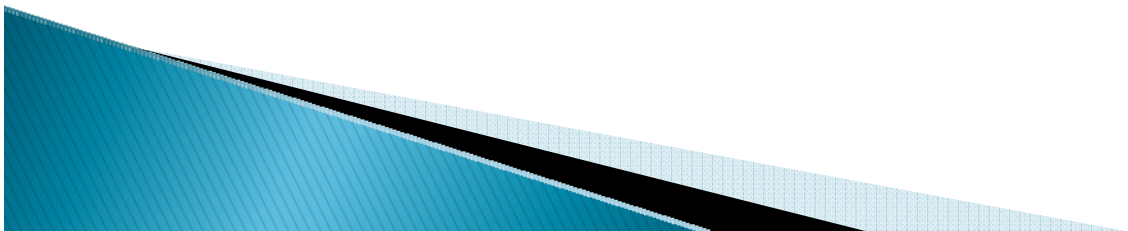
- permitting structure is in place, however...
- permits are short-term
- permits do not protect user investment
- permits do not provide exclusivity
- permits can be withdrawn
- permits do not allow compensation to the state

**Result:** uncertainty for both state & investor



# Recommendation

- ▶ South Carolina should develop a leasing framework to create a more **comprehensive** process

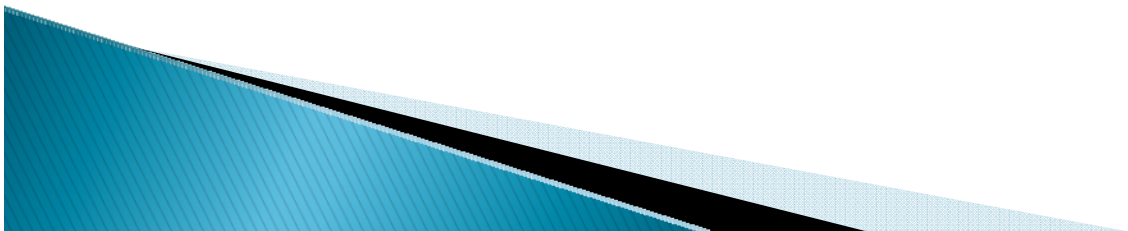


# Leasing Framework

## Leases

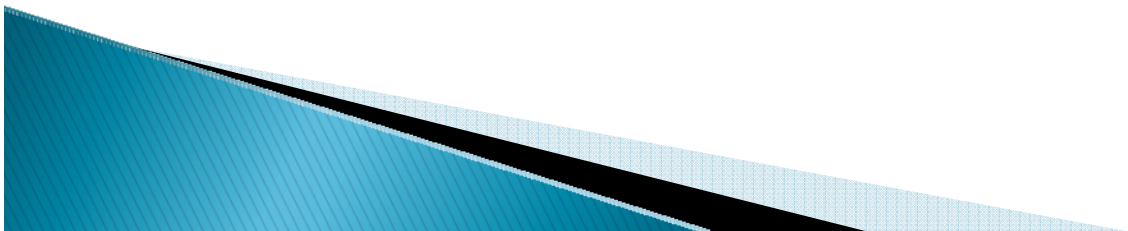
### Lease attributes

- Eligibility
  - Geographic scope
  - Types of leases
  - Lease duration
  - Exclusivity
  - Performance
  - Compensation
- 
- **Result:** certainty for state & investor



# Leasing Framework

- ▶ SC should establish an offshore leasing program in state waters for wind energy.
- ▶ It would provide benefits – and certainty – to both the state and the investor.

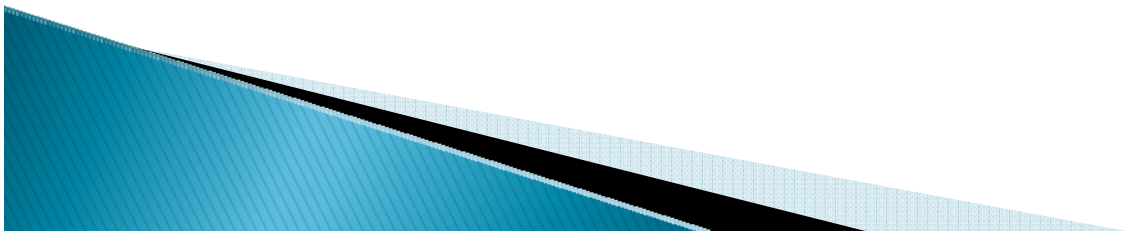


# Need for One-Stop-Shop



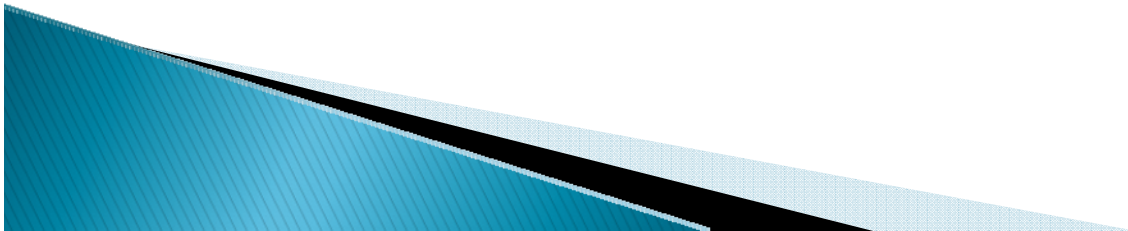
# Recommendation

- ▶ South Carolina should develop a more efficient process by establishing a one-stop shop



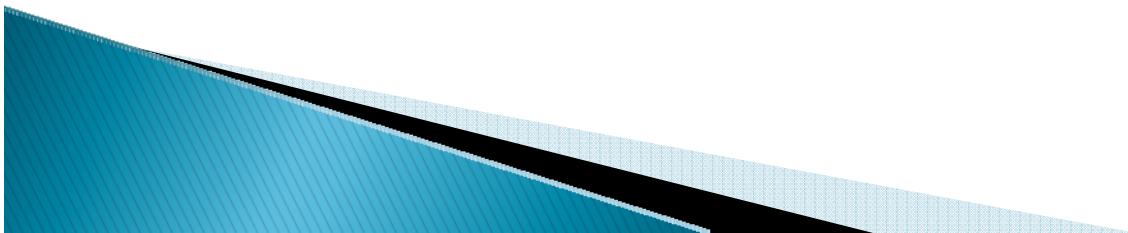
# One-Stop Shop

- ▶ SC should establish a one-stop shop to coordinate the permitting/leasing process
  - Non-regulatory entity
  - One application
  - Guide investor through process



# One-Stop Shop

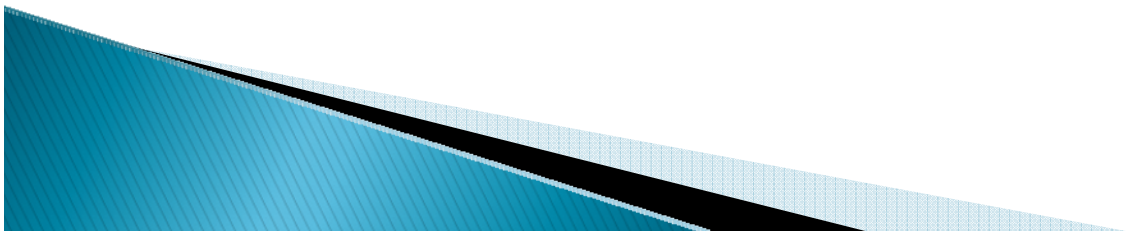
- ▶ Model already exists in SC for aquaculture
- ▶ Permit Assistance Office within the SC Department of Agriculture (Section 46-51-10)



# Examples from Federal Government and Other States

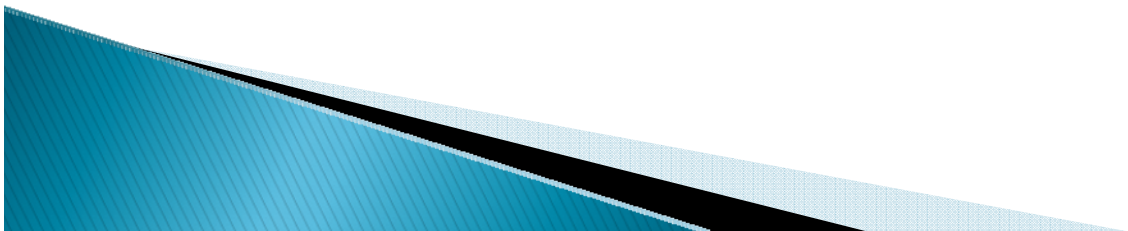
# Federal Waters

- ▶ Offshore lease program already in place at federal level
- ▶ An offshore wind project in federal waters would require a federal lease
- ▶ Administered by the Minerals Management Service
- ▶ Royalties to federal government
- ▶ Other requirements



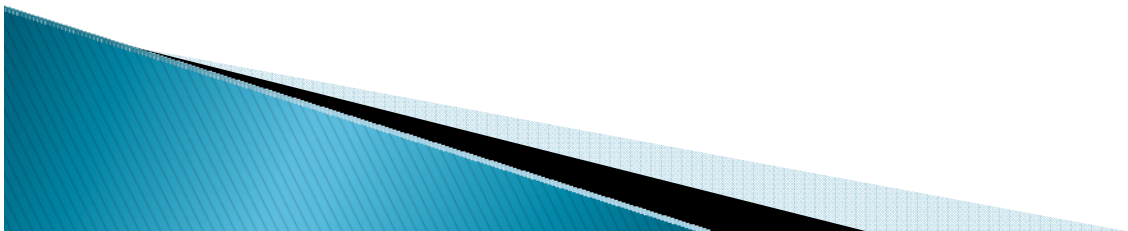
# State of Texas

- ▶ The only state that has established a wind energy leasing program
- ▶ Long history – associated with oil and gas
- ▶ Flexibility for investor
- ▶ Protection for state/ compensation



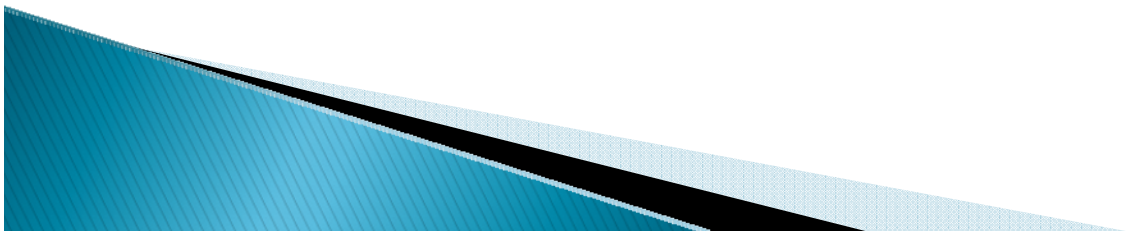
# State of Michigan

- ▶ Great Lakes Wind Council –report issued September 1, 2009
- ▶ Recommendation: enact new statute that specifically regulates leasing and permitting for offshore wind.
- ▶ Recommendation: establish a single agency to facilitate the permitting, leasing, construction and monitoring of offshore wind projects



# State of North Carolina

- ▶ NC General Assembly commissioned UNC study released August 2009
- ▶ Recommendation: enact a new statute that specifically addresses the multitude of issues associated with leasing State-owned submerged lands for wind projects
- ▶ Recommendation: Need to provide a clear, consistent legal framework for investors and developers.





# Commonwealth of Virginia

- ▶ *Virginia Offshore Energy Development Law and Policy Review and Recommendations*
- ▶ December 2008
- ▶ Obstacles to offshore alternative energy development in some states from the lack of straightforward path for planning, evaluation and permit coordination.
- ▶ Recommendation: establish a single administrative process that coordinates the development and review of energy facilities in state and federal coastal waters

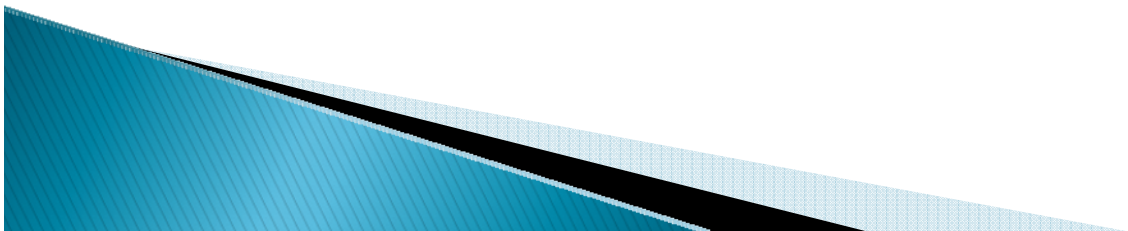


# Conclusions

# Regulatory Task Force Recommendations

## SUMMARY

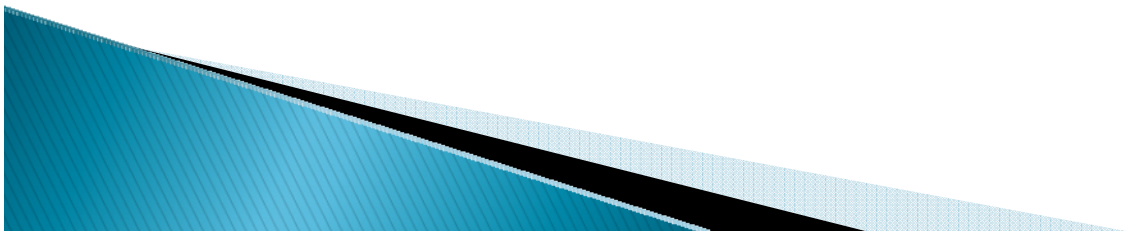
- ▶ Need for state policy on renewable energy
- ▶ Need for a comprehensive leasing framework
- ▶ Need for a one-stop shop for permitting & leasing wind energy projects



# Regulatory Task Force

## Additional Comments

- ▶ Under Sea Warfare Training Range (USWTR)
- ▶ Minerals Management Service programs



# Questions?

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